

SENATE RECORD VOTE ANALYSIS

106th Congress
2nd Session

Vote No. 29

March 2, 2000, 7:56 p.m.
Page S-1099 Temp. Record

AFFORDABLE EDUCATION ACT/No ESA Relief, Increase Pell Grant Funding

SUBJECT: Affordable Education Act of 1999...S. 1134. Kennedy motion to waive the Budget Act for the consideration of the Bingaman amendment No. 2875.

ACTION: MOTION REJECTED, 41-57

SYNOPSIS: As introduced, S. 1134, the Affordable Education Act of 1999, will enact numerous tax benefits to improve education, including that it will allow tax-free expenditures from education savings accounts (ESAs) for elementary and secondary school expenses and will increase the maximum annual amount of contributions to such accounts from \$500 to \$2,000.

The Bingaman amendment would deny the proposed ESA tax relief. The ESA tax relief in this bill will lower Federal taxes on parents who save money for their children's college educations and/or their children's kindergarten through twelfth grade (K-12) educations. Approximately \$1.2 billion in tax relief will be provided through 2003, and educational savings by 14 million families will increase by an estimated \$12 billion over the next 10 years. Instead of reducing taxes by \$1.2 billion in order to encourage parents to save \$12 billion for their own children's educations, the Bingaman amendment would increase mandatory spending by \$1.2 billion for the Pell Grant Program in order to increase the maximum annual grant from \$3,300 to \$3,700.

Senator Coverdell raised a point of order that the amendment violated section 302(a) of the Budget Act. Senator Kennedy then moved to waive the Budget Act for the consideration of the amendment. Generally, those favoring the motion to waive favored the amendment; those opposing the motion to waive opposed the amendment.

NOTE: A three-fifths majority (60) vote is required to waive the Budget Act. After the failure of the motion to waive, the point of order was upheld and the amendment thus fell.

Those favoring the motion to waive contended:

The ESA provision of this bill concerning education savings accounts will provide relief mostly for rich Americans, because

(See other side)

YEAS (41)			NAYS (57)			NOT VOTING (2)	
Republicans (2 or 4%)	Democrats (39 or 89%)		Republicans (52 or 96%)	Democrats (5 or 11%)		Republicans (1)	Democrats (1)
Chafee	Akaka	Kerrey	Abraham	Hutchinson	Biden	McCain ²	Inouye ²
Collins	Baucus	Kerry	Allard	Hutchison	Breaux		
	Bayh	Kohl	Ashcroft	Inhofe	Byrd		
	Bingaman	Landrieu	Bennett	Jeffords	Lieberman		
	Boxer	Lautenberg	Bond	Kyl	Torricelli		
	Bryan	Leahy	Brownback	Lott			
	Cleland	Levin	Bunning	Lugar			
	Conrad	Lincoln	Burns	Mack			
	Daschle	Mikulski	Campbell	McConnell			
	Dodd	Moynihan	Cochran	Murkowski			
	Dorgan	Murray	Coverdell	Nickles			
	Durbin	Reed	Craig	Roberts			
	Edwards	Reid	Crapo	Roth			
	Feingold	Robb	DeWine	Santorum			
	Feinstein	Rockefeller	Domenici	Sessions			
	Graham	Sarbanes	Enzi	Shelby			
	Harkin	Schumer	Fitzgerald	Smith, Bob			
	Hollings	Wellstone	Frist	Smith, Gordon			
	Johnson	Wyden	Gorton	Snowe			
	Kennedy		Gramm	Specter			
			Grams	Stevens			
			Grassley	Thomas			
			Gregg	Thompson			
			Hagel	Thurmond			
			Hatch	Voinovich			
			Helms	Warner			

EXPLANATION OF ABSENCE:
1—Official Business
2—Necessarily Absent
3—Illness
4—Other

SYMBOLS:
AY—Announced Yea
AN—Announced Nay
PY—Paired Yea
PN—Paired Nay

only wealthy people will be able to save up to \$2,000 per year to help with their children's educations. Also, such families typically put their children in private schools, so the bill will do little to help the public schools while investing millions in private and parochial schools. Therefore, we have offered the Bingaman amendment to eliminate the ESA provision and to replace it with a provision that would increase Pell Grant funding. This alternative proposal is better for two reasons. First, it would keep the focus of ESAs on, and Federal dollars invested in, post-secondary education rather than private elementary and secondary education. The original (and continuing) purpose of ESAs, as provided in the Taxpayer Relief Act of 1997, was to assist families to pay for their children's college educations. Our colleagues, in this bill, have decided that the assistance ought to be extended to rich Americans to help them pay to send their children to private schools. We oppose that change. Public schools, not private rich schools, need help. Second, this amendment would help lower-income families in America. The average family income for families whose children are taking advantage of the Pell Grant is \$14,500 a year. This amendment would assist those Americans, the ones who really need assistance from the Federal Government, rather than provide unneeded tax cuts for the rich. We urge our colleagues to vote to waive the Budget Act in order pass this amendment.

Those opposing the motion to waive contended:

The Bingaman amendment would strike the ESA provisions. Those provisions will encourage American families to save for their children's college and K-12 educations by making the first \$2,000 they save each year for that purpose exempt from Federal taxation. Approximately \$1.2 billion in tax relief will be given through 2003 and educational savings will increase by \$12 billion over the next 10 years. After denying that tax relief and eliminating the driving force of the entire bill, the Bingaman amendment would increase mandatory spending for the Pell Grant Program by \$1.2 billion.

Some Members are openly hostile to the idea of empowering parents (and others who may wish to help, such as grandparents, employers, churches, or unions) to save for their own kids' educations. Their hostility has three bases. First, they are upset that this proposal would allow parents to save for K-12 educational expenses as well as for college expenses. Our colleagues realize that many public schools are failing and dangerous, and they fear that if this proposal passes some parents who have children in such schools might be able to save enough money to get their children out of them and into private schools. Our colleagues do not want that result because public schools are dominated by their close political allies, the teachers unions, and private schools are not. The second reason some Members are so hostile to this proposal is that it does not discriminate against religious schools. Parents would be allowed to spend their savings on any educational purposes they wished, including on tuition for parochial schools or other religious schools. Many of our liberal colleagues apparently believe that "separation of church and state" means that the Government cannot give tax relief to Americans--cannot let them keep more of their own money--unless they promise that they will not use it for any purpose that has a religious element to it. The third reason our colleagues have for opposing this tax relief is that they say it will benefit the "rich." To make that claim they have ignored several key facts. First, they have ignored that upper-income Americans will be ineligible for the tax relief--it will be phased-out for higher income taxpayers. Another fact our colleagues have studiously ignored is that more than 70 percent of the relief will go to families that make under \$75,000 per year. Yet a third fact our colleagues ignore (when they complain that some parents will use their savings for private school tuition), is that those parents also will be average, working-class Americans. According to the Census Bureau, 60 percent of parents who send their kids to parochial schools earn less than \$40,000 per year and 60 percent of parents who send their kids to other private schools earn less than \$50,000.

After denying this \$1.2 billion in ESA tax relief, thus wiping out \$12 billion in educational savings that would have occurred over 10 years, the Bingaman amendment would propose a mandatory spending increase of \$1.2 billion for the Pell Grant Program. Proponents of the Bingaman amendment could have proposed a different tax cut or could have favored deficit reduction, but instead they thought the best idea was to increase Federal spending. The cause they are promoting, the Pell Grant Program, is a worthy cause. We Republicans note that every year since we gained the majority we have worked to increase the maximum Pell Grant, while President Clinton's budget last year called for a cut in the Pell Grant Program. We regret that proponents of this amendment have created a perception that those of us voting against it are against Pell Grants. That perception simply is not true. We believe that our current goal of encouraging families in their attempts to save and pay for education should not be sacrificed for an increase in Pell Grant funding. These two programs, ESAs and Pell grants, ought not to be either-or issues. Instead of denying tax relief in order to pay for this new spending program, we think our colleagues should have proposed cutting elsewhere in the United States' mammoth \$1.7 trillion budget. By denying tax relief instead, our colleagues are implicitly saying that they think that every penny of that \$1.7 trillion budget--for foreign aid, for porkbarrel spending, for bureaucrats' travel, and for every other Federal expenditure--is more important than giving just \$1.2 billion in educational tax relief to parents. We disagree. This amendment should be defeated.